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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 16, 2001

APPLICATION OF

COOK INLET POWER, LP

CASE NO. PUE010352

For a license to conduct
business as a competitive
service provider in electric
retail access programs

ORDER GRANTING LICENSE

On June 15, 2001, and as supplemented on July 20, 2001, Cook Inlet Power, LP ("Cook" or "the Company"), filed an application for a license to conduct business as a competitive service provider in electric retail access pilot programs, as provided by the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs ("Interim Rules"), 20 VAC 5-311-50. The Company intends to serve commercial and industrial customers in the electric retail access pilot programs of Virginia Electric and Power Company ("Virginia Power"), American Electric Power-Virginia ("AEP-VA"), and Rappahannock Electric Cooperative ("REC").

On July 27, 2001, the Commission issued an Order for Notice and Comment. However, on August 9, 2001, Cook filed a motion requesting leave to amend its application and to suspend the procedural schedule contained in the July 27, 2001, Order for

Notice and Comment ("Motion"). In support of its Motion, Cook stated that it has become aware that the pilots for AEP-VA and Virginia Power will expire on December 31, 2001, that REC's pilot will continue as a pilot into 2002, and that permanent retail access programs will begin as of January 1, 2002 for Virginia Power, AEP-VA, Allegheny Power, and Delmarva Power & Light Company.

Pursuant to the Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules") 20 VAC 5-312.10 et seq., Cook requested to serve the entire state of Virginia as the individual service territories become open to full retail access. In addition, Cook sought authority to participate in the pilot program for REC as well as any other pilot program that may be initiated by an electric utility.

On August 16, 2001, the Commission issued an Amended Order for Notice and Comment, granting Cook's Motion requesting leave to amend its application, requiring notice to interested parties, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Cook's application and present its findings in a Staff Report to be filed on or before September 13, 2001.

The Staff filed its Report on September 13, 2001, concerning Cook's fitness to provide competitive electric service. The Staff concluded that Cook meets the technical

fitness requirements for licensure. The Staff also discussed Cook's financial fitness. As a newly formed entity, Cook does not yet have audited financial reports. However, in its application, Cook indicated its willingness to provide a bond, if necessary, as evidence of its financial responsibility. As such, the Staff recommended that a license should be granted subject to Cook submitting an acceptable form of financial security such as a bond.

In response to the Staff Report, Cook has filed a surety bond in the amount of \$50,000 to be paid to the Commonwealth of Virginia for any penalties or fines levied against it for violations of the law and for payment of any tax obligations owed to the Commonwealth that are unsatisfied by Cook.

NOW UPON CONSIDERATION of the application, the Staff Report, the Company's proposed surety bond, and the applicable law, the Commission finds that Cook's application should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Cook Inlet Power, LP is hereby granted license No. E-5 to provide competitive electric service to commercial and industrial customers in Virginia Power, AEP-VA and REC's service territories in accordance with the terms of these pilot programs, and throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and customer choice.

(2) The issuance of this license is granted subject to the maintenance of a surety bond in the amount of \$50,000.

(3) This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes. This license is not valid authority for the provision of any product or service not identified within the license itself.

(4) Failure of Cook to comply with the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission including, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(5) This case shall remain open pending the receipt of any reports required by the Retail Access Rules and to receive any application for amendments or modifications to the license granted herein.